

Message Text

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41

ACTION EB-07

INFO OCT-01 ARA-06 EUR-12 ISO-00 SP-02 AID-05 NSC-05

CIEP-01 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00

COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04

SIL-01 L-02 H-02 AGR-05 IO-10 PA-01 PRS-01 USIE-00

SSO-00 INRE-00 NSCE-00 /101 W
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O 021747Z MAY 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 0795

INFO AMEMBASSY KINGSTON IMMEDIATE

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E.O. 11652: N/A

TAGS: ETRD

SUBJ: UK PROPOSAL FOR COMMODITIES--PRESS REACTION

REF: STATE 96015

L. PRIME MINISTER WILSON'S COMMODITY PROPOSAL AT KINGSTON WAS WIDELY REPORTED IN MAY 2 MORNING PRESS, WITH MOST PAPERS CARRYING ONLY KINGSTON DATE-LINED STORIES. THESE GENERALLY SUGGEST INITIAL RECEPTION BY OTHER COMMONWEALTH LEADERS WAS LESS THAN ENTHUSIASTIC. THE FINANCIAL TIMES, DAILY TELEGRAPH AND THE GUARDIAN HIGHLIGHTED POSITION OF FORBES BURNHAM OF GUYANA, WITH THE GUARDIAN REPORT CLAIMING THAT RATHER THAN THE UK PLAN GETTING A RESOUNDING ENDORSEMENT, "... TO THE WELL-CONCEALED IRRITATION OF THE BRITISH DELEGATION, THE SPOTLIGHT SWUNG TOWARDS THE BURNHAM SPEECH AND ITS MESSAGE THAT THE TIME HAS COME FOR A 'REVOLUTIONARY APPROACH, A FUNDAMENTAL RECONSTRUCTION OF THE WORLD'S EXISTING INTERNATIONAL INSTITUTIONS.'" ENDORSEMENT OF
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BURNHAM'S PLAN FOR A COMMONWEALTH ECONOMIC TASK FORCE

BY IMPLICATION WAS THUS CAST AS A REBUFF FOR WILSON.

2. SUBSTANCE OF WILSON'S PROPOSAL WAS GENERALLY REPORTED AS OUTLINED IN REFTEL, WITH EXCEPTION THAT PRESENTATION OF "SIX COMMITMENTS" AND "SPECIFIC PROPOSALS" REPORTEDLY WERE INTRODUCED BY THE PRIME MINISTER AS A "NEW DEAL" AND PROPOSAL FOR A NEW INTERNATIONAL UNDERTAKING TO BALANCE GATT.

3. THE TIMES CARRIED A STRAIGHT NEWS ACCOUNT OF WILSON'S PRESENTATION, WITHOUT ACCOUNT OF REACTION TO IT, AND A MAJOR EDITORIAL. IN THE EDITORIAL ENTITLED, "MR. WILSON'S COMMODITIES PLAN," PAPER EXAMINED IN DETAIL OVERALL COMMODITY PROBLEM, EMPHASIZING CHANGING WORLD TRADE SITUATION. THRUST OF EDITORIAL WAS TO UNDERLINE ACCESS TO SUPPLY PROBLEM AGAINST BACKGROUND OF DEBATE BETWEEN "INTERVENTIONALISTS" ON ONE SIDE AND ON THE OTHER, "MOST OF THE MAIN INDUSTRIALIZED NATIONS . . . (WHO) HAVE REMAINED DOCTRINALLY OPPOSED TO INTERVENTIONIST POLICIES FOR THE COMMODITY MARKETS." TIMES NOTED THAT LATTER POSITION SEEMS TO BE CRUMBLING IN PROSPECT OF "ANOTHER EXPLOSIVE COMMODITY BOOM IN 1977, PERHAPS ON AN EVEN GREATER SCALE THAN THE 1972-74 BOOM." IT MENTIONED THAT DR. KISSINGER IS BELIEVED TO BE TAKING SERIOUS INTEREST IN THE ISSUE, AS WITNESS HIS DECISION TO ATTEND OECD MINISTERIAL LATER THIS MONTH. THE EDITORIAL SUGGESTED THAT MAJOR FACTOR WHICH LEAD WILSON TO COME DOWN CLEARLY ON SIDE OF INTERVENTIONISTS AT THIS TIME WAS PREOCCUPATION WITH INFLATION. EDITORIAL WAS DUBIOUS OF UNCTAD INTEGRATED PROGRAM, BUT THOUGHT WILSON "TOUCHED ON A KEY ASPECT" IN REFERRING TO NEED FOR LONG-TERM EQUILIBRIUM BETWEEN PRODUCTION AND CONSUMPTION. BASICALLY, THIS BOILS DOWN TO OPTIMUM INVESTMENT LEVELS, WHICH THEORETICALLY MIGHT BE REACHED WITHOUT INTERVENTION BUT IN SHORT-TERM PROBABLY CAN BE ACHIEVED ONLY BY FORGING "SOME KIND OF RELATIONSHIP BETWEEN PRODUCERS AND CONSUMERS, WHICH WOULD GENERATE SUFFICIENTLY ATTRACTIVE PRICES TO GET HIGHER INVESTMENT UNDER WAY." EDITORIAL CONCLUDED THAT INDUSTRIALIZED LIMITED OFFICIAL USE

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COUNTRIES MUST FACE UP TO PAINFUL BUT NECESSARY ADJUSTMENT TO ALLOW PRIMARY PRODUCERS TO DIVERSIFY, TO PROCESS MORE OF THEIR PRODUCTS AND TO GAIN GREATER ACCESS TO MARKETS FOR PROCESSED PRODUCTS.

4. WE HAVE RECEIVED COPY OF FULL TEXT OF SPEECH FROM FCO WHICH WE ASSUME DEPARTMENT HAS THROUGH OTHER CHANNELS.

RICHARDSON

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